

Message Text

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53

ACTION AF-08

INFO OCT-01 EUR-12 ISO-00 L-03 STR-04 SP-02 AID-05 CIAE-00

COME-00 EB-07 FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00

XMB-02 OPIC-03 CIEP-01 LAB-04 SIL-01 OMB-01 INT-05

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P R 161430Z AUG 76

FM AMEMBASSY CONAKRY

TO SECSTATE WASHDC PRIORITY 2217

INFO AMEMBASSY OTTAWA

AMEMBASSY PARIS

C O N F I D E N T I A L CONAKRY 1636

E.O. 11652: GDS

TAGS: EMIN PFOR PGOV GV US FR CA

SUBJECT: TROUBLES IN CBG BAUXITE COMPANY

REF: (A) CONAKRY 1553 AND PREVIOUS

1. ARNAUD HAS RETURNED AND SAW MOUSSA KIAKITE 14 AUGUST. ARNAUD REPORTED TO AMBASSADOR HIS IMPRESSION THAT GUINEAN AUDIT INVESTIGATION HAD CLEARED HIM WHILE TURNING GOG AGAINST SHIPLEY. ARNAUD FOUND DIAKITE MORE FRIENDLY AND RELAXED THAN USUAL. HOWEVER, GOG HAS TO DATE DECLINED TO REPORT INVESTIGATION FINDINGS TO ARNAUD OR HALCO.

2. PECHINEY DIRECTOR MICHEL JAOUL, HALCO BOARD CHAIRMAN BY ROTATION, INTENDS VISIT CONAKRY BEGINNING 19 AUGUST TO SEEK MEETINGS WITH MOUSSA DIAKITE AND SEKOU TOURE. HE WILL REQUEST FINDINGS OF INVESTIGATION AND ENDEAVOR TO SMOOTH OVER INTERNAL CBG PROBLEMS PREPARATORY TO CBG BOARD MEETING WHICH IS AGAIN POSTPONED AT HALCO REQUEST UNTIL LATE OCT.

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3. COMMENT: ONE OF OUTCOMES OF GUINEAN RESERVE TOWARD

ARNAUD, AND OF INTERNAL CBG PERSONALITY DISPUTE, SEEMS TO BE A SYSTEMATIC MOVE BY GOG TOWARD MORE DIRECT OPERATIONAL INVOLVEMENT IN CBG MANAGEMENT. HOW THIS SITUATION EVOLVES COULD HAVE SIGNIFICANT IMPLICATIONS FOR FUTURE OF INVESTMENT. GOG HAS PHYSICALLY TAKEN OVER MUCH OF CBG BUILDING IN CONAKRY AND THIS MATTER WOULD ALMOST HAVE TO COME UP IN MEETING BETWEEN SHAREHOLDERS' REP AND GOG.

4. TWO FRENCH CITIZENS (JAOUL AND ARNAUD) ARE THUS SCHEDULED TO REPRESENT HALCO AT DELICATE HIGH LEVEL MEETINGS DURING THIS TIME OF SECURITY HYSTERIA. (ANOTHER ROUND OF PUBLIC "CONFESSIONS AND DISCLOSURES" IS SCHEDULED FOR LATE P.M. AUGUST 16) AS DEPARTMENT KNOWS, GOG ATTACHES IMPORTANCE TO NORTH AMERICAN CHARACTER OF CBG (AND IN FACT HALCO BELONGS 27 PERCENT EACH TO ALCOA AND ALCAN PLUS 20 PERCENT TO MARTIN MARIETTA). AMBASSADOR SUGGESTED TO ARNAUD THAT IT MIGHT BE BETTER TO POSTPONE VISIT OR AT LEAST SEE THAT SENIOR AMERICAN OR CANADIAN SHAREHOLDERS ACCOMPANIED JAOUL. ARNAUD APPRECIATES WEIGHT OF THESE VIEWS, BUT WILL APPARENTLY NOT RECOMMEND ANY CHANGE IN PLANS. FRENCH AMBASSADOR LEWIN IS ALSO UNEASY AT VISIT OF PROMINENT FRENCH DELEGATION AT THIS TIME. HE INTENDS TO REMAIN IN BACKGROUND AND HAS ASKED US EMBASSY TO MAKE ARRANGEMENTS FOR AND SPONSOR JAOUL TO EXTENT INVOLVEMENT OF ANY EMBASSY BECOMES NECESSARY. WILL TRY TO KEEP OUT OF IT BUT MAY BE DRAWN IN.

5. RECOMMENDATION. PROPER ROLE OF US GOVERNMENT IN PRIVATE COMPANY MATTERS OF THIS NATURE IS ALWAYS DELICATE, PARTICULARLY SINCE LACK OF EMPATHY BETWEEN ARNAUD AND SOME SENIOR AMERICANS (E.G., FAWCETT AND WARD) SEEMS TO BE ONE OF THE PROBLEMS. HOWEVER, BELIEVE IT BEHOOVES US TO ADVISE MANAGERS OF THIS MAJOR AMERICAN INVESTMENT THAT VISIT OF FRENCH NATIONALITY DELEGATION TO REPRESENT THEIR INTERESTS AT THIS TIME MAY NOT BE PRUDENT. SUGGEST DEPARTMENT INFORMALLY DISCUSS MATTER ASAP WITH HALCO PRESIDENT FAWCETT, OR IF HE IS UNAVAILABLE WITH A SENIOR ALCOA EXECUTIVE. NOTE JAOUL
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IS PRESUMABLY BOOKED UTA FLIGHT FROM PARIS EARLY MORNING
AUG 19.
HARROP

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